

State of California  
Business, Transportation and Housing Agency  
Department of Transportation

Prepared by:  
Warren Weber  
Program Manager  
Intercity Rail  
(916) 654-2944

MASS TRANS FINANCIAL MATTERS  
Amtrak Intercity Rail Operating Support  
Action Item

Resolution: MFP-00-05

CTC Meeting: August 23-24, 2000

Agenda Item: 2.6f.

Original Signed By  
W.J. EVANS, Deputy Director  
Finance  
August 1, 2000

**RAIL ALLOCATION - RAIL TRANSIT FINANCING**  
**FFY 2000-01 AMTRAK (INTERCITY RAIL) OPERATING SUPPORT**

**RECOMMENDATION**

The Department of Transportation (Department) recommends the California Transportation Commission (Commission) approve Resolution MFP-00-06, allocating \$45,490,000 of Public Transportation Account (PTA) funds for support of the Department's intercity rail and feeder bus services on the Pacific Surfliner (formerly called San Diegan) and San Joaquin routes.

**PROJECT DESCRIPTION**

RECIPIENT: Department of Transportation

FUNDED ACTIVITY: The Department's Intercity passenger rail and feeder bus services with Amtrak. \$45,490,000 from the PTA will support the costs of Amtrak contracted service on the two state administered intercity rail routes as follows:

- \$21,235,000 for the Pacific Surfliner Route (11 San Diego-Los Angeles round-trips, and four Los Angeles-Santa Barbara round-trips with one of these trains continuing to San Luis Obispo).
- \$24,255,000 for the San Joaquin Route (four Bakersfield-Stockton-Oakland round-trips, and one Bakersfield-Stockton-Sacramento round-trip).

**CURRENT DEPARTMENT ADMINISTRATION OF INTERCITY RAIL SERVICES**

Pursuant to Section 99316 of the Public Utilities Code, the Commission has responsibility for allocating funds for intercity rail operating support that are appropriated to the Department for this purpose. Chapter 263 of the Statutes of 1996 (SB 457, Kelly) added Government Code Section 14031.8 which specifies that the Secretary of the Business, Transportation and Housing (BT&H) Agency shall allocate intercity rail operating funds to those intercity rail routes administered by a local joint powers board. As of July 1, 1998, the Capitol Corridor Joint Powers Agency (CCJPA) assumed responsibility for administration of the Capitol Corridor. Thus, the Secretary of BT&H is now responsible for allocating funds to that corridor.

Because the Commission no longer allocates funds to the Capitol Corridor, this subject is not covered in detail in this staff report. However, the report does provide data on the appropriation amounts in the Budget for the Capitols and compares appropriation amounts between 1999-00 and 2000-01 on the three state funded intercity rail corridors. Every three months, the Department provides the Commission data and analysis comparing actual ridership, costs, revenues and farebox ratio on all three intercity routes.

**INTERCITY RAIL APPROPRIATIONS IN THE 2000 BUDGET ACT**

Provision 1 of Item 2660-001-0046 of the Budget Act of 2000 appropriates \$63,767,000 in PTA funds for intercity rail services. (The amounts for each route are not specified in the Budget Act.) The appropriation amount is based on Amtrak's final estimates for the state costs for rail services on the Pacific Surfliners, San Joaquins and Capitols. For the Pacific Surfliners and San Joaquins, the state is now negotiating a 2000-01 contract with Amtrak. The CCJPA is negotiating separately with Amtrak on an operating contract for the Capitols. The table below shows how the \$63.8 million is distributed between the three routes.

Budget Act 2000 Appropriation (Item 2660-001-0046) for Intercity Rail Services	
ROUTE	FUNDS
Pacific Surfliners	\$21,235,000
San Joaquins	\$24,255,000
<b>Appropriation Request</b>	<b>\$45,490,000</b>
Capitols	\$18,277,000
<b>Budget Total</b>	<b>\$63,767,000</b>

**ALLOCATION AMOUNT****Pacific Surfliners and San Joaquins**

The Department is requesting an allocation of \$45,490,000 for the Pacific Surfliners and San Joaquins. This allocation request will fund service on those two routes for Federal Fiscal Year (FFY) 2001 (October 2000 through September 2001). The table below (next page) compares the funds requested for FY 2000-01 to those allocated for FY 1999-00 as well as actual expenditures for FY 1998-99.

**Trends in State Costs**

State costs for existing services on the San Joaquins and Pacific Surfliners are projected to decrease by \$460,000 (one percent) overall between FY 1999-00 and FY 2000-01, due to an increase in operational efficiencies. Looking back at FY 1998-99 costs, one can see that Pacific Surfliner costs have decreased in each of the two subsequent years (FY 1999-00 and 2000-01). On the San Joaquins, the cost increase between 1998-99 and 1999-00 is attributable to the addition of the fifth train.

The cost decreases are consistent with Amtrak's past commitments to California to decrease costs and increase operating efficiencies. The Department anticipates FY 2000-01 costs for existing services will remain relatively stable in future years. Any increases in operational efficiencies or decreases in costs will most likely be balanced by inflation. Thus, the only cost increases that the Department anticipates would be attributable to additional service or the initiation of new routes.

State costs for existing services on the Capitols are projected to increase from \$18,036,000 in FY 1999-00 to \$18,277,000 (one percent) in FY 2000-01 (these costs are not included in the table below). Service was increased on February 27, 2000, and funded within the existing budget. A 7<sup>th</sup> round-trip between Oakland and Sacramento and a 4<sup>th</sup> round-trip between San Jose and Oakland were added and the round-trip operating to Colfax was cut back to Auburn. The minor increases in the budget for FY 2000-01 are attributable to the service increases.

FY 1998-99 through 2000-01 (Pacific Surfliners and San Joaquins) State Costs for State Administered Intercity Rail Operations (\$ in millions)			
ROUTE	FY 1998-99 (Actual)	FY 1999-00 (Allocation)	FY 2000-01 (Current request)
Pacific Surfliners	\$22,078	\$21,437	\$21,235
<u>San Joaquins *</u>	<u>\$19,938</u>	<u>\$24,513</u>	<u>\$24,255</u>
<b>TOTALS</b>	<b>\$42,016</b>	<b>\$45,950</b>	<b>\$45,490</b>

\* Fifth train added 2/21/99 between Bakersfield and Sacramento.

### General

The Commission has recognized in its allocation resolutions for prior years that actual expenditures by route may differ from the estimates provided in the allocation request. Thus, as in prior years, the Department requests the Commission grant the authority to transfer between state-administered corridors (San Joaquins and Pacific Surfliners) up to ten percent of the amount allocated to each corridor, based upon actual expenditures.

### **TOTAL OPERATING COSTS AND FAREBOX RETURN**

Total operating costs for state-supported services, less passenger revenues from passengers (ticket revenue plus food and beverage revenues) equals the net loss of services, which is covered by the State and Amtrak. The table below shows by route, the components of total cost and farebox return for FFY 2000-01. For the three state supported intercity routes, Amtrak projects FFY 2000-01 state share of loss at \$63.8 million, Amtrak's share of loss at \$15.9 million, and passenger revenue at \$50.1 million. Therefore, total operating costs are projected at \$129.8 million. The composite farebox ratio for the three state-supported routes is projected at 40 percent (revenues/total operating cost). The farebox ratio for the Capitols is projected at 31 percent, the Pacific Surfliners 45 percent, and the San Joaquins 42 percent. (Equipment and minor capital costs are not included in total costs used to calculate the farebox ratio.)

FFY 2000-01 State Supported Intercity Rail Operations Total Costs, State and Amtrak Share of Net Loss, Passenger Revenues, and Farebox Ratio (\$ in millions)						
ROUTE	TOTAL COST	PASSENGER REVENUES	EQUIPMENT AND MINOR CAPITAL **	NET LOSS		FAREBOX RATIO**
				STATE SHARE	AMTRAK SHARE	
Pacific Surfliners *	\$47,570	\$20,295	\$2,790	\$21,235	\$6,040	45%
San Joaquins	\$50,070	\$20,135	\$1,565	\$24,255	\$5,680	42%
Capitols	\$32,175	\$9,693	\$ 570	\$18,277	\$4,205	31%
<b>TOTALS</b>	<b>\$129,815</b>	<b>\$50,123</b>	<b>\$4,925</b>	<b>\$63,767</b>	<b>\$15,925</b>	<b>40%</b>

\* Excludes Amtrak 33 percent basic system share of route.

\*\* Equipment and minor capital are not included in costs used to calculate the farebox ratio.

**ALLOCATIONS IN 2001-02 AND BEYOND**

The Department and Amtrak's 20-year vision for the Pacific Surfliner route is hourly service between Los Angeles and San Diego. Amtrak's May 15, 2000 "Final Draft California Passenger Rail System Five-Year Improvement Plan Summary Report" projects that by 2005 there will be 14 round-trips between San Diego and Los Angeles, five round-trips between Los Angeles and Santa Barbara and two round-trips between Santa Barbara and San Luis Obispo. (Currently there are 11 round-trips between San Diego and Los Angeles, four round-trips between Los Angeles and Santa Barbara and one round-trip between Santa Barbara and San Luis Obispo.)

The Department will request funding for these service increases at the time Amtrak and the Department agree upon demand, feasibility and operating costs. Also, agreement with the railroads regarding increased frequencies must be reached. The Department anticipates that any service increases on the Pacific Surfliners will be very cost effective because: (1) the new Pacific Surfliner equipment is efficient to operate, and (2) the high number of existing frequencies on the route allow personnel and equipment utilization costs to be minimized when trains are added.

Amtrak's May 15, 2000 "Final Draft California Passenger Rail System Five-Year Improvement Plan Summary Report" projects that by 2005 there will be five round-trips between Bakersfield and Oakland and three round-trips between Bakersfield and Sacramento. (Currently there are four round-trips between Bakersfield and Oakland and one round-trip between Bakersfield and Sacramento.) The Department anticipates that the costs for additional round-trips on the San Joaquins will be slightly lower than the costs to run existing San Joaquin trains due to efficiencies achieved in personnel and equipment utilization.

## **CALIFORNIA TRANSPORTATION COMMISSION**

### **Allocation Approval FFY 2000-01 Amtrak (Intercity Rail) Operating Support**

#### **Resolution MFP-00-06**

- 1.1 WHEREAS, under Section 99316 of the Public Utilities Code, the California Transportation Commission (Commission) has responsibility for allocating intercity rail operating funds that are appropriated to the Department of Transportation (Department) for Department-administered corridors; and
- 1.2 WHEREAS, Provision #1 of Item 2660-001-0046 of the Budget Act of 2000 appropriates \$63,767,000 of Public Transportation Account (PTA) funds for intercity rail services; and
- 1.3 WHEREAS, Government Code Section 14031.8 specifies that the Secretary of the Business, Transportation and Housing (BT & H) Agency shall allocate intercity rail operating funds to those intercity rail routes administered by a local joint powers board. As of July 1, 1998, the Capitol Corridor Joint Powers Agency (CCJPA) assumed responsibility for administration of the Capitol Corridor. Thus, the Commission is no longer responsible for allocating funds for that corridor; and
- 1.4 WHEREAS, \$18,277,000 in budgeted funds are reserved for the Capitol Corridor, and the remaining \$45,490,000 in budgeted funds are reserved for the Pacific Surfliners (formerly the San Diegans) and San Joaquins; and
- 1.5 WHEREAS, for the three state-supported intercity routes, Amtrak projects FFY 2000-01 state share of loss at \$63.8 million, Amtrak's share of loss at \$15.9 million, and passenger revenue at \$50.1 million, therefore, total operating costs are projected at \$129.8 million. The composite farebox ratio for the three state administered routes is projected at 40 percent (revenues/total operating cost), while the farebox ratio for the Capitols is projected at 31 percent; the Pacific Surfliners at 45 percent and the San Joaquins at 42 percent; and
- 1.6 WHEREAS, the Commission recognizes that actual expenditures on the Pacific Surfliners and San Joaquins may differ from current estimates. For changes of 10 percent or less, the Department has total flexibility to transfer funds between the Pacific Surfliner and San Joaquin routes and will report these changes to the Commission on a quarterly basis; changes above 10 percent must be approved by the Commission prior to expenditure. Transfers can be made based upon actual expenditures or emergency situations.

- 2.1 NOW THEREFORE BE IT RESOLVED, that the Commission does hereby approve the Department's request and allocates a total of \$45,490,000 to the Department for existing intercity rail and feeder bus services with Amtrak as follows:

Pacific Surfliners	\$21,235,000
San Joaquins	\$24,255,000
<b>TOTAL</b>	<b>\$45,490,000</b>

- 2.2 BE IT FURTHER RESOLVED, that authority is delegated to the Department to transfer funds between the Pacific Surfliner and San Joaquin routes if the changes are less than or equal to 10 percent; and
- 2.3 BE IT FURTHER RESOLVED, that the Department will report any transfer of funds between the two routes to the Commission on a quarterly basis. Changes above 10 percent must be approved by the Commission prior to expenditure.